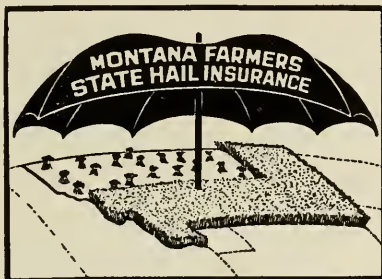


43RD ANNUAL REPORT

State Board of Hail Insurance

TO MONTANA GRAIN GROWERS



1959 BUSINESS SUMMARY

Total Risk Written	\$7,135,784.32
Premium Charge	\$ 562,468.55
Losses Paid	\$ 217,108.50
Policies Issued	2,536
Loss Claims Filed	222
Total Acres Insured	656,835
Acres Reported Damaged	57,077.9
Average Acres Insured Per Policy	225
Number of Days with Hail	31
Aver. Cost Per \$1,000 of Protection \$	78.82
Operating Expense Ratio	4.9%

30% REFUND ON 1959 PREMIUMS. The light loss ratio of only 3% permitted a 30% refund of premiums. This is the fourth successive year we have issued a refund of part of the premiums and at the same time added to the total assets of the Hail Fund.

TOTAL ASSETS OF THE HAIL FUND will be a little over \$2,000,000 at the start of the 1960 hail season. The Hail Fund is in the strongest condition of all years.

All grain growers should read this report carefully, especially pages 6 and 7 explaining how to get hail insurance.

Feb. 10, 1960

Honorable J. Hugo Aronson, Governor,
Members of the Legislature
Capitol Building
Helena, Montana

Dear Governor Aronson and Legislative Members:

Preliminary report on the 1959 operations of the State Hail Department.

1959 was another banner year for the State Hail Department. The volume of hail insurance carried has been exceeded only once in many years — namely 1953. The loss ratio was only 3% against an all year record of 6%. Since 1948 we have had only 3 years with losses above the average. These were 1954, 1956 and 1957. All other years were much lighter so that we have been able to build up a very ample Reserve Fund and at the same time make refunds of from 10 to 30% in each of the last four years on the hail premiums. In the 9 years previous to 1948 the loss ratio averaged 8.3%. This was about twice the annual average experienced since 1948.

Our Board is well aware that the light losses experienced since 1948 may be followed by years with bad losses like the 9 previous to 1948 or even worse. For all we know we could experience more disastrous hail years than heretofore known. Weather has an exasperating habit of disregarding prior records. Having this in mind we decided to refund only 30% of the large overrun of funds in 1959 and to retain a part of it to make another increase in the assets of the hail fund.

Following are the principal details of the State Hail Funds —

Total Risk Written	\$7,135,784
Premium Charge	562,468
Losses Paid	217,108
Acres Insured	656,935
Acres Reported Damaged	57,078
Loss Claims Filed	222
Days With Hail	31
Loss Ratio	3 %
Average Rate Charged* (all crops)	7.9%

*Because of light losses the Board is arranging a 30% refund.

Reduced Cost of State Hail Insurance. As shown above we charged an average of 7.9% for the 1959 hail insurance. The 30% refund brings the actual cost of the hail insurance down to 5.5%.

The Assets of the State Hail Insurance Fund. The total assets of the Hail Fund will reach to around \$2,000,000 this winter and will exceed that amount before the start of the 1960 hail season. The high interest rates through 1959 have been a great boon to the increasing of the assets of the hail fund. Going into 1960 they have been increasing some more. The large increase in interest rates together with the light losses are the main factor in helping us furnish reliable low cost hail insurance to Montana farmers. Following is a statement showing the

various investments made for the hail fund together with estimated interest income for 1960 —

item No.	Amount	Interest Rate	Bonds & Notes of—	Interest Income	Maturity Dates
1.	\$ 450,000	5 %	F. L. Bnk.	\$ 4,687	Jan. 7, 1960
	Reinvested	5¾ %	same	23,500	Oct. 20, 1960
2.	100,000	3¼ %	U. S. Tr.	4,000	May 15, 1960
3.	100,000	3¼ %	U. S. Tr.	4,000	May 15, 1960
4.	250,000	4⅞ %	U. S. Tr.	12,000	Nov. , 1963
5.	500,000	3½ %	U. S. Tr.	17,500	May , 1960
<hr/> \$1,400,000				<hr/> 65,687	

I have estimated the interest income at \$65,687, but I believe it will run about \$70,000. Three of the items shown above now draw 3¼ and 3½ % interest. We plan to reinvest these and the interest rate is likely to be considerably higher than the investments have been earning.

There were two quite unusual things regarding the 1959 hail season. The first was the June storm in Big Horn Co. The second was that after this storm the losses over the rest of the state for the rest of the hail season were very light. The Big Horn June storm severely damaged from 8 to 10,000 acres of winter wheat on the vast Campbell farm. The warrants for this loss totaled \$94,496, the largest ever paid by the State Hail Department to any one insured. This loss plus a few more near St. Xavier made the Big Horn losses add to \$110,000, which was slightly more than one-half of all of the hail losses paid by the Department in 1959 over the entire state.

Despite the light crops in many eastern counties only a few farmers applied for a reduction of their premiums because of crop failure.

The adjusters work was quite satisfactory as only a couple of claimants appealed for a readjustment of their losses.

As usual most of the hail insurance was on winter and spring wheat and barley. There was a lot of inquiry regarding hail insurance on safflower but only 3,316 acres of it were insured. The premiums on it were \$2,059 with losses of only \$832. Indications point to more hail insurance on this crop in 1960.

The total insurance carried by the Department in 1959 was \$7,135,784. This was exceeded only in 1953 when the total was \$7,870,000.

Before closing I wish to commend the efficient work of our adjusters together with that of the County Assessors and Treasurers. Their wholehearted cooperation and efficiency has been a big factor in the successful operation of the Department.

If at any time you desire any information not furnished in this report and the 43rd Annual Report to Montana Grain Growers I will do my best to provide it on request.

Respectfully submitted for the State Board of Hail Insurance, by

E. K Bowman, Chairman



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DETAIL STATEMENT—RISK, LEVY, LOSSES, LOSS RATIOS

County	1959 Risk	1959 Levy	1959 Losses	1959 Loss Ratio	41 Year Loss Ratio
Big Horn	\$ 441,857.27	\$ 43,104.43	\$110,942.10	25%	9%
Blaine	130,062.00	9,321.06			5
Broadwater	20,704.00	1,278.56	2,597.68	13	4
Carter	5,808.00	580.00			10
Cascade	33,570.70	2,164.12			2
Chouteau	472,354.87	29,935.34	446.00		3
Daniels	224,628.00	15,751.03	7,335.92	3	4
Dawson	131,242.39	12,402.46	4,009.45	3	10
Fallon	102,542.80	10,302.92	986.94	1	9
Fergus	612,135.28	55,888.80	10,337.82	2	6
Gallatin	2,100.00	181.44			8
Garfield	22,336.00	1,986.81		2	8
Glacier	39,639.00	2,842.55			3
Golden Valley	67,997.00	6,852.62	90.00	—	9
Hill	674,377.00	43,563.58	796.97	—	3
Jefferson	16,562.80	1,009.35			1
Judith Basin	404,148.95	36,969.69	3,839.01	1	8
Liberty	1,127,361.50	72,699.67	7,431.81	1	3
McCone	371,909.00	36,728.70	28,971.82	8	7
Musselshell	11,074.00	1,172.03			12
Petroleum	7,752.00	620.16	93.96	1	5
Phillips	65,329.00	4,840.41			3
Pondera	146,094.50	9,113.65			5
Powder River	124,434.90	11,202.40	1,736.05	1	7
Prairie	85,039.00	8,319.56	201.60	—	10
Richland	280,210.76	28,129.73	8,914.81	3	7
Roosevelt	207,809.00	14,405.66	6,352.44	3	3
Rosebud	11,223.00	974.94			7
Sheridan	490,631.50	39,327.17	19,490.44	4	5
Stillwater	47,972.00	4,757.28			8
Teton	40,817.00	2,467.56			3
Toole	560,312.40	39,396.14	1,363.62	—	4
Treasure	9,562.00	921.34			13
Valley	74,173.20	6,126.10	469.44	1	4
Wheatland	32,530.00	3,288.10			9
Wibaux	9,658.50	869.27	700.52	7	7
Yellowstone	29,825.00	2,973.12			6
	\$7,135,784.32	\$562,468.55	\$217,108.50	3%	5.9%

41 YEAR SUMMARY

Total risk written	\$120,269,666.77
Premium charge	\$ 10,058,089.29
Losses paid	\$ 7,149,133.28
Policies issued	72,652
Total acres insured	13,250,802.7
Average acreage per policy	182
Loss ratio	5.9%
Average cost per \$1,000 of protection	\$ 83.63
Number of losses filed	15,317

ADMINISTRATION ACCOUNT FOR 1959

1. State office salaries, traveling expense, chairman, office help, board members fees and expense	\$11,539.92
2. General office expense (printing, stationery, supplies, postage, telephone, telegraph, equipment, insurance, employees' bonds, PERS and Social Security	\$ 3,834.74
3. Hail adjusters salaries and expense	\$12,124.51
4. Office Rent	\$ 300.00
	\$27,799.17

HOW TO GET STATE HAIL INSURANCE

APPLY TO THE ASSESSOR OF THE COUNTY
IN WHICH YOUR GRAIN IS GROWING

Any Owner of Mortgaged Land With Not More Than One Year of Delinquent Tax may secure hail insurance and have it charged to his land along with his other real estate taxes. His application containing a lien on his crop will be filed with the clerk and recorder.

Any Owner of Unmortgaged Land With Not More Than One Year of Delinquent Tax may secure hail insurance and have it charged to his land along with his other real estate taxes. The application (containing a hail lien) will not be filed with the clerk and recorder.

Any Tenant desiring hail insurance may secure it by filing an application with his county assessor. It will be approved on a personal assessment basis and his application containing a lien on the crop will be filed with the clerk and recorder. This lien will be a first lien on the crop except for one given for the purchase of seed used in planting and producing the insured grain.

Any Tenant who owes for delinquent hail insurance will not receive further hail insurance unless he pays cash for it or unless he pays the delinquent account.

No hail insurance may be charged to any land without the owner's consent. Also no hail insurance may be charged to any lands other than those on which the crops to be insured are growing.

Hail insurance liens are first liens on all insured crops except liens given for the purchase of seed used to plant the insured crops.

4% Discount Will Be Given Those Who Pay Cash For Their Hail Insurance. For example, if the regular premium figures \$100 and the applicant offers cash for the hail insurance, the county assessor will receive \$96 as full payment.

When To Insure. Experience shows that placing hail insurance on growing crops should not be done until they show a reasonable chance of producing a fair return. **No allowance will be made for hail damage on any grain until at least 75% of the plants are plainly stemming.** Damage early in the hail season is difficult to estimate and adjustment may be delayed until the extent of the damage may be better estimated. **No policies will be issued after August 15th.**

How Much Hail Insurance Per Acre. All non-irrigated grain may be insured for not more than \$12 except barley which is limited to \$10. Irrigated grain is limited to not more than \$24 except barley which is limited to \$20.

Hail Insurance on Special Crops. Not more than the amounts shown below may be carried per acre on the crops listed:

Irrigated beans, peas, potatoes, corn, mustard and alfalfa seed	\$24.00
Sugar Beets	\$50.00
Non-irrigated rape, safflower, mustard, beans peas, alfalfa seed and corn	\$12.00
Any hay crop, irrigated or non-irrigated	\$12.00

Hail Liability will continue in force on grain after it has been bound, shocked or windrowed until the insured has had a reasonable time to complete threshing or combining.

HAIL INSURANCE FOR SHAREHOLDERS. If all shareholders in any crop desire hail insurance, each is limited in his share per acre in proportion to the share each owns of the whole crop. If other shareholders do not desire hail insurance any shareholder may insure his share for the limit allowed per acre.

When Not to File Loss Claims. Each year a large number of loss claims are filed where little or no hail loss can be found. A careful examination may show a little damage by hessian fly or wheat stem maggot. Or maybe kinked heads or wheat stem sawfly. This damage was overlooked before the storm and was increased by the strong winds accompanying it. None of it is caused by hail. Examination of these fields costs your hail department a lot of unnecessary expense which can be saved by a more careful examination of the fields by the insured.

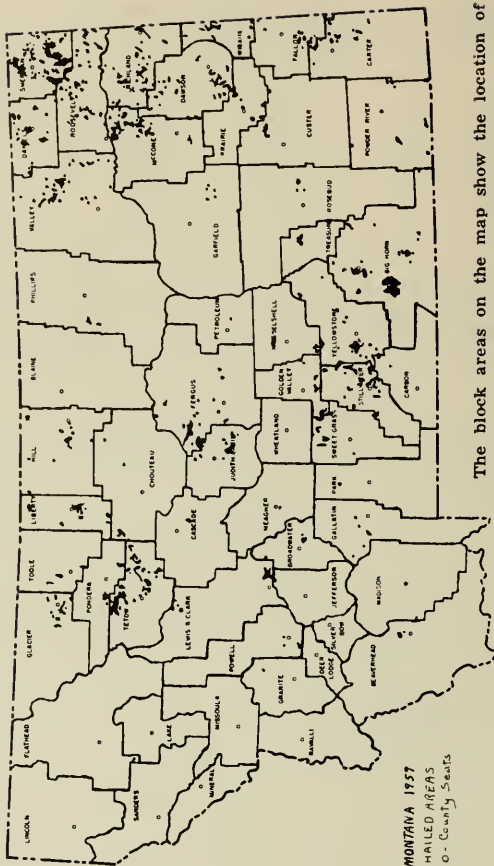
ADJUSTMENTS OF HAIL LOSSES Will be made by adjusters who have had lots of experience in farming and the adjusting of hail losses. Their experience enables them to estimate the loss accurately. They are instructed to give every claim careful consideration and they will fully cooperate with the grain growers in adjusting all losses.

State Hail Insurance liability expires after September 15 on grain and other crops, except sugar beets which expires after September 30.

30% REFUND ON 1959 PREMIUMS. The light hail losses for the season resulted in an addition to the current hail insurance funds of about \$335,000. Considering that the future hail losses could be as severe or more severe than they have been in former years, the Hail Insurance Board decided to refund approximately one-half of the 1959 overrun and leave the balance in the current hail funds. This will enable a refund of about \$168,600. The total assets of the Hail Fund will then add to about \$2,000,000, which is the largest they have been in the history of the Department.

REDUCED RATES IN CASE OF CROP FAILURE. If any insured crop is badly damaged or destroyed at any time during the growing season or before harvest time by other means than hail you may secure a reduction of up to 50% of the rate for the season by applying for such reduction to the State Board of Hail Insurance at Helena and by describing the damage.

When to File Claims for Hail Loss. When any insured crop is believed to be damaged at least 5%, the insured must mail a claim for such loss to the State Board of Hail Insurance at Helena, Montana, within 3 days.



The block areas on the map show the location of all 1959 hail losses reported to the Montana Clearing Bureau whose membership is composed of 1959 Stock Company Agents and the State Board of Hail Insurance. Loss was claimed on a total of 2,466 separate sections. The State Hail Fund loss ratio was quite light, being only 3.0% against an all year loss ratio of 6%.

Board Members

E. K. Bowman, Chairman, Helena.
Lyle Standish, Choteau.
Hjortur Hjartarson, Ethridge.
Albert Kruse, Ex-Officio Comr. of Agr.
Horace F. Casey, Ex-Officio, State Treas.

It is the duty of county assessors to furnish grain growers with full information on State Hail Insurance. This pamphlet is issued for the purpose of helping them do so. It furnishes full information on the operations of the State Hail Department together with how assessors receive applications for hail insurance and issue policies to farmers who wish to protect their crops against damage by hail.

Hail Insurance is a Necessary Cost of Raising Grain.
As soon as your crops show a prospect of a fair yield you should see your assessor and apply for State Hail Insurance. This pamphlet was issued by the

STATE BOARD OF HAIL INSURANCE
Helena, Montana
April 1, 1960